

Core Management and Budget Skills for Indonesian Local Governments

Quarterly Report

July 1 - September 30, 2004

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I. Introduction

The International City/County Management Association's (ICMA) Building Institutions for Good Governance (BIGG) Program operates under USAID Strategic Objective 10: Decentralized, Participatory Local Government. To this end, it is designed to help USAID meet its four intermediate results (IRs):

- IR 1: Appropriate Environment Established to Enable Effective Local Government
- IR 2: Local Government Capacity Strengthened to Deliver Effective Services
- IR 3: Participation Increased in Local Government Decision-Making
- IR 4: Associations of Local Governments and Officials Established as Advocates

The implementation of the "Core Management and Budget Skills for Indonesian Local Governments" Task Order began on September 30, 2000. This report covers the period July to September 2004 (Quarter 16), summarizing the major accomplishments and challenges for the sixteenth quarter along with the planned activities for the next quarter.

II. Major Accomplishments

Field Operations

K2K Model:

Training on Materials for Workshop B and C for Year 4 K2K and Papua Local Coordinators and Inti Staff:

In Y4, there are 6 new local coordinators and 4 new Inti staff, in addition to the existing local coordinators and Inti staff from Y3. While not a requirement of the work plan, the Field Operations team conducted a two-day TOM on Workshop B and C materials for the local coordinators on July 6 to 8, 2004 in Sheraton Bandara Hotel, Cengkareng, West Java. The TOM B and C were attended by 6 Inti staff, 17 local coordinators, 8 team leaders, and 3 training and publications staff, for a total of 34 persons. Because of the tight schedule and ticketing problems, Inti staff person from Balikpapan and the local coordinator from Bukittinggi did not attend this TOM. Four local coordinators from Papua did attend.

Number of Person-Training Days for K2K Y4 Training on Materials for Workshop B and C (2 day workshop)

Local Government	Local Coordinators	Inti Staff	Person-Training days (participants only)
Kota Bukittinggi	-	2	6
Kabupaten Pasaman	1		3
Kota Pariaman	1		3
Kabupaten Solok	1		3
Kabupaten Sukoharjo	1	2	9
Kabupaten Purworejo	1		3
Kabupaten Kebumen	1		3
Kabupaten Probolinggo	1		3
Kota Balikpapan	1		3
Kabupaten Berau	1		3
Kabupaten Penajam	1		3
Kota Tarakan	1		3
Kabupaten Takalar	1	2	9
Kabupaten Jenepontoh	1		3
Kabupaten Sinjai	-		-
Kabupaten Bantaeng	1		3
Total	14	6	60

Workshop B K2K: The Field Operations and Training team conducted the two-day Workshop B for the 12 new satellite local governments in July and August 2004. The two-day workshops were attended by an average of 29 persons per local government for a total 696 training days.

Number of Person-Training Days for K2K Workshop B ((2 day workshop)

Local Government	Dates	Attendance/Participants							Person- Training Days (participants only)
		Trainers/ facilitators		LGU Participants					
		FO	TP	DPRD	Exec	Budget Team	Tech Team	Focus Area	
Kab. Solok	August 4-5	6	-	10	4	5	5	5	58
Kab. Pasaman	July 13-14	5	2	3	6	6	6	6	54
Kota Pariaman	Aug 26-27	5	-	6	5	6	9	6	64
Kab. Purworejo	July 30-31	5	1	6	5	6	7	6	60
Kab. Kebumen	July 20-21	4	1	6	5	5	5	5	52
Kab. Probolinggo	July 27-28	5	1	6	6	6	5	5	56
Kab. Berau	July 21-22	3	1	6	6	6	6	6	60
Kab. Panajam	July 23-24	4	1	4	4	6	6	6	52
Kota Tarakan	Jul 31-Aug 1	2	2	6	6	6	7	6	62
Kab. Jeneponto	July 14-15	5	2	6	6	6	6	6	60
Kab. Sinjai	July 19-20	4	2	5	5	5	5	6	52
Kab. Bantaeng	July 16-17	4	2	8	5	6	9	5	66
Total person-training days									696

Workshop C K2K: The Field Operations and Training team conducted the two-day Workshop C for the 12 new satellite local governments in July and August 2004. The workshops were attended by an average of 30 persons per local government for two days for a total 724 person-training days as follows; Workshop C1 for the executive branch had 359 person-training days and Workshop C2 for the legislative branch had 383 person-training days.

Number of Person-Training Days for K2K Workshop C1 (one day workshop)

Local Government	Dates	Attendance/Participants							Person-Training Days (participants only)
		Trainers/facilitators		LGU Participants					
		FO	TP	DPRD	Exec	Budget Team	Tech Team	Focus Area	
Kab. Solok	Sep 3	4	1	6	6	6	6	6	30
Kab. Pasaman	Aug 25	3	1	6	5	5	7	6	29
Kota Pariaman	Sep 7	4	1	8	5	6	7	6	32
Kab. Purworejo	Sep 17	4	1	6	6	6	6	6	30
Kab. Kebumen	Sep 1	5	-	5	5	5	5	5	25
Kab Probolinggo	Sep 6	5	-	6	7	6	5	5	29
Kab. Berau	Sep 6	3	-	6	5	8	6	8	33
Kab. Panajam	Sep 9	3	1	6	5	6	6	6	29
Kota Tarakan	Sep 11	3	1	6	5	6	6	6	29
Kab. Jeneponto	Aug 30	4	-	6	6	7	6	8	33
Kab. Sinjai	Aug 25	4	-	6	4	6	6	6	28
Kab. Bantaeng	Aug 27	4	-	8	8	5	6	6	32
Total person-training days									359

Number of Person-Training Days for K2K Workshop C2 (one day workshop)

Local Government	Dates	Attendance/Participants				Person-Training Days (participants only)
		Trainers/ facilitators		LGU Participants		
		FO	TP	DPRD members	DPRD Secretariats	
Kab. Solok	Sep 4	4	1	30	3	33
Kab. Pasaman	Sep 24	3	1	30	-	30
Kota Pariaman	Sep 8	4	1	20	1	21
Kab. Purworejo	Sep 18	4	1	45	-	45
Kab. Kebumen	Sep 16	5	-	45	-	45
Kab. Probolinggo	Sep 10	5	1	43	-	43
Kab. Berau	Sep 7	3	1	25	1	26
Kab. Panajam	Sep 10	3	1	21	-	21
Kota Tarakan	Sep 13	3	1	25	2	27
Kab. Jeneponto	Aug 31	4	-	35	-	35
Kab. Sinjai	Aug 26	4	-	25	5	30
Kab. Bantaeng	Aug 28	4	-	25	2	27
Total person-training days						383

Number of Person-Training Days for Workshop C2 for Y4 Inti Local Governments (Additional activity not required in the work plan): While not a requirement of the work plan, the Field Operations Team also delivered the 1-day Workshop C2 to the newly elected legislative council members in the Y4 Inti local governments. This was done at the request of the Inti local governments. As of September 2004, Kabupaten Takalar had already received this workshop on September 1, which was attended by 30 participants, and Kota Balikpapan received this workshop on September 22, which was attended by 43 participants. Kota Bukittinggi and Kabupaten Sukoharjo will receive this workshop in October 2004.

Local Government	Dates	Person-Training Days
Kabupaten Takalar	Sep 1	30
Kota Balikpapan	Sep 22	43
Kota Bukittinggi	Planned for Q17	
Kabupaten Sukoharjo	Planned for Q17	

Information Sharing K2K: The Inti local governments each conducted a half-day Information Sharing Workshop with their respective satellite local government partners in July and August 2004. Team leaders and local coordinators assisted with the facilitation of each workshop. Local government officials shared their experiences in preparing and implementing performance budgeting. The average workshop attendance was 65 persons for a total of 273 person-training days.

Inti Area	Date	Participants	Topics
Bukittinggi	24-Aug-04	66 persons 15 Bukittinggi 21 Pasaman 15 Pariaman 15 Solok	- Formulation of General Policy Direction (AKU) and Strategies and Policies (S&P) - Synergy Team for Community Needs Assessment of Kab. Solok to be adopted by others - DPRD role related to Government Regulation (GR) 110 - Best practices in sharing information
Sukoharjo	29-Jul-04	92 persons 53 Sukoharjo 13 Kebumen 13 Probolinggo 13 Purworejo	- Relation of planning and budgeting process - PBB preparation (public participation, AKU and S&P) - Performance indicators - PBB implementation mechanism between executive and legislative

			- Direct QA between satellite's and Inti's work units
Balikpapan	26-Aug-04	45 persons 11 Balikpapan 12 Tarakan 12 Berau 10 Penajam	<ul style="list-style-type: none"> - Commitment of executive and legislative - Performance measurement of DPRD activity - Expenditure classification - Budget ceilings - Effectiveness and efficiency of performance approach - Formulation of AKU and S&P - Budget revision mechanism
Takalar	30-Jul-04	70 persons 20 Takalar 15 Bantaeng 20 Jeneponto 15 Sinjai	<ul style="list-style-type: none"> - AKU and S&P Concepts - Budget Instruction preparation - Red Thread Concepts
Total person-training days		273	

Performance Reporting Workshop for Kabupaten Sleman (Additional activity not required in the work plan): Since Sleman was a participant in the Sleman Special Project in BIGG/ICMA's third year of implementation, its staff did not receive the Performance Reporting workshop that all other Y3 local governments received. Therefore, this quarter, the field operations team conducted a two-day Performance Reporting workshop for Kabupaten Sleman. This was not a requirement of the work plan; however, BIGG/ICMA felt it was essential that Sleman staff receive this workshop.

Number of Person-Training Days of Performance Reporting Workshop for Kabupaten Sleman (2 day workshop)

Section	Participants	Person-Training Days
Legislative (DPRD)	4	8
Executive Team	5	10
Budget Team	5	10
Technical Team	5	10
Focus Area	4	8
Total person-training days		46

K2K Deliverables Status:

BIGG requested that all Y4 K2K LGUs submit their final budget calendar and public information and involvement plan (PIIP) before they received Workshop B in July. The table below summarizes the current status of Y4 K2K deliverables.

Deliverables Status of K2K Year 4

Local Government	Budget Calendar		PIIP		Budget Instructions	
	Draft	Final	Draft	Final	Draft	Final
Kota Bukittinggi	July 3	July 30	July 3	July 30	Aug 2	
Kota Pariaman	June 30	July 7	June 30	July 7	Sep 27	
Kabupaten Pasaman	June 11	Aug 9	June 14	Aug 7	Sep 29	
Kabupaten Solok	June 25	Aug 28	June 25	Aug 9	Aug 7	
Kabupaten Sukoharjo	June 8	July 2	May 22	July 2	Aug 13	Sep 10
Kabupaten Purworejo	June 10	June 30	May 22	June 30	Sep 20	Sep 30

Kabupaten Kebumen	June 4	June 21	May 15	June 21	Sep 14	Sep 15
Kabupaten Probolinggo	June 14	June 25	June 11	June 25	Aug 13	
Kota Balikpapan	July 20	Aug 20	July 20	Aug 27	July 20	
Kabupaten Berau	June 9	Aug 18	July 6	Aug 18	Sep 6	
Kabupaten Penajam	June 6	July 22	July 6	July 22	Aug 12	Aug 26
Kota Tarakan	June 10	June 21	June 14	June 28	July 31	Aug 31
Kabupaten Takalar	June 4	June 15	June 4	June 15	Aug 24	
Kabupaten Jenepontoh	June 15	July 30	June 15	June 23	Aug 29	
Kabupaten Sinjai	June 7	July 30	June 7	June 23	Aug 26	
Kabupaten Bantaeng	June 24	July 30	June 22	June 23	Aug 24	

Papua Program:

The table below summarizes the status of Y4 Papua deliverables.

Deliverables Status of Year 4 Papua LGUs

Local Government	Budget Calendar		PIIP		Budget Instructions	
	Draft	Final	Draft	Final	Draft	Final
Kaimana	Aug 6	Sep 10	Aug 8	Sep 10	Sep 10	Sep 30
Manokwari	July 4	June 18	July 7	July 30	Sep 3	Sep 30
Sorong	July 15	July 30	July 15	July 30	Sep 15	
Fakfak	July 11	Aug 27	July 11	Aug 27	Aug 27	Sep 29

Performance Reporting:

The Training Team conducted a two-day Performance Reporting Workshop for six local governments in the Bird's Head region of Papua. Eighteen local government staff were trained at the workshop, which was held in Manado from August 5-6, 2004.

Number of Person-Training Days for Performance Reporting Workshop for Papua LGUs (2 day workshop)

Local Government	# of Participants	Person-Training Days
Kab. Sorong	3	6
Kab. Manokwari	4	8
Kab. Kaimana	4	8
Kab. Teluk Bintuni	3	6
Kab. Teluk Wondama	4	8
Kab. Raja Ampat	4	8
Total person-training days		44

Workshop B for Kaimana, Papua:

Workshop B was conducted in Kaimana on August 10 and 11, 2004. The workshop was attended by 22 participants, included the 5 elected local legislative members.

Number of Person-Training Days of Workshop B for Kabupaten Kaimana (2 day workshop)

Type of Participant	# of Participants	Person-Training Days
Legislative (DPRD)	5	10
Executive Team	2	4
Budget Team	5	10
Technical Team	5	10
Focus Area	5	10
Total person-training days		44

Workshop C for Kaimana, Papua:

Workshop C1 was conducted in Kaimana on August 11, 2004 and C2 in Sorong on September 30, 2004. The workshop C1 was attended by 24 participants, and C2 was attended by 25 participants (20 local legislative members and 5 Council Secretary Staff).

Number of Person-Training Days of Workshop C1 and C2 for Kabupaten Kaimana

Type of Participant	# of C1 Participants	# of C2 Participants	Person-Training Days
Legislative (DPRD)	5	20	25
Executive Team	2		2
Budget Team	5		5
Technical Team	6		6
Focus Area	6		6
Council Secretariats		5	5
Total person-training days			49

Workshop C2 for Manokwari, Sorong, and Fakfak, Papua

The newly elected local council members in Manokwari, Sorong, and Fakfak also received Workshop C2. BIGG partnered with National Democratic Institute (NDI) to conduct this workshop as NDI was also implementing a workshop for these same newly elected officials. Kabupaten Sorong is scheduled to receive Workshop C2 in October 4, 2004.

Number of Person-Training Days of Workshop C2

for Kabupaten Sorong, Manokwari, and Fakfak

LGU	Date	DPRD members	DPRD Secretariats	Training Days
Manokwari	Sep 2	20	5	25
Fakfak	Sep 30	20	5	25
Sorong	Scheduled for October (Quarter 17)			
Total person-training days				50

PBB Assessment for Y3 Papua LGUs

This quarter, the Training and Publications and Field Operations Teams conducted a one-day assessment workshop to assess the Y3 Papua LGUs performance budgets. While this was not a requirement of the work plan, BIGG/ICMA felt that this assessment workshop would provide much needed input for the Papua LGUs to improve their Y4 budgets. Eleven local government staff from the three kabupaten of Kabupaten Manokwari, Kab FakFak and Kab Sorong attended this assessment workshop, which was conducted in Bali.

Number of Person-Training Days of Y3 Papua PBB Assessment Workshop

Local Government	Dates	Attendance/Participants							Person-Training Days
		Trainers/ facilitators		LGU Participants					
		FO	TP	DPRD	Exec	Budget Team	Tech Team	Focus Area	
Kab. Fak Fak	June 30			-	2		1	1	4
Kab. Sorong	June 30			-	1	2		1	4
Kab. Manokwari	June 30			-		1	2	1	4
Totals		6	6		3	3	3	3	12

Salary Restructuring Opportunity for LGUs: Five of the original nine local governments originally interested in the PROFESI (Program For Effective Staff Income) program signed an MOU in June at the end of quarter 15 to participate in the PROFESI program in varying ways. Important developments this quarter include:

- Firm commitments from three local governments (Kota Bukittinggi, Kabuapten Sukohardjo, and Kabupaten Takalar) to implement PROFESI.
- Technical team appointed to implement the PROFESI program
- Finalization of the PROFESI model and formulation for distribution of income subsidies (for Kabupaten Takalar)
- Introduction of the PROFESI program to the local government staff

Two of the three local governments participating in the PROFESI program determined that it would be better for them to begin the implementation in the 2005 fiscal year on a city-wide basis as opposed to beginning with one or two departments during the last four months of 2004. BIGG/ICMA agreed to support them in this decision although BIGG will not be available to provide further assistance after February 2005 when the BIGG program ends. In the meantime, Kabupaten Takalar is already implementing the PROFESI program in two departments from August to December this year – and will implement the program across all departments in 2005.

Conduct wrap-up workshop and submit final report for IRG's Decentralized Environmental Management for Yogyakarta (DEMY) activity: This quarter, IRG presented its final report on the DEMY (Decentralized Environmental Management for Yogyakarta) activity at a July 12 workshop in Yogyakarta. The DEMY activity focused on intergovernmental coordination for solid waste and waste water management. The workshop focused on the presentation and review of two reports prepared for this final activity of DEMY: 1) Action Plan for Solid Waste Management in the Greater Yogyakarta Metropolitan Region, and 2) Outline Strategy for Wastewater Management in the Greater Yogyakarta Metropolitan Region. Both reports were well received by the representatives of the Joint Secretariat for the three affected local governments of Kota Yogyakarta, Kabupaten Sleman, and Kabupaten Bantul. The IRG activity was greatly appreciated by this group for the technical input that was provided. GTZ also made a promise to provide additional funding to support a follow-up project.

Training and Publications

Budget Clinic II: This quarter, BIGG's Training Team designed and conducted 7 1-day Budget Clinics, which is the second budget clinic in a three-part series. Six of the clinics were conducted in the APEKSI Regions and one was conducted in Makassar for the 9 Papua LGUs in the Bird's Head Region. All LGUs in a given APEKSI region were invited to attend the clinics in their respective areas. Budget Clinic II started in Q16 and will be completed in Q17. Budget Clinic II provides local government participants with an introduction to double entry accounting and an overview of how to use the Performance Budgeting Reference Manual recently produced by BIGG/ICMA. Clinic II also provides participants with an opportunity to identify some of the problems they are having linking planning and budgeting processes and documents.

Number of Person-Training Days in the 6 PBB Budget Clinics in the APEKSI Regions and Papua LGUs

Location	Dates	Trainers/facilitators			Participants	
		Training Team	FO Team (TL & LC)	Univ	LGUs	Person-Training Days (per # of LGUs)
Makasar	Sept 22	6	4	-	34	34
Mataram	Sept 28	6	1	-	5	5
Yogyakarta	Sept 30	7	3	-	54	54
Balikpapan	Oct 5	5	4	-	37	37
Surabaya	Oct 7	5	2	-	42	42
Medan	Oct 12	5	4	-	47	47
Total Budget Clinic II					219	219
Papua LGUs in	Sept 23	6	5	6	27	27

Makasar						
Total person-training days (Papua + Budget Clinic II)				6		246

Workshop C2 for Province of South Sulawesi: (Additional activity not required in the work plan.) This quarter, BIGG conducted a one-day workshop in Makassar for provincial staff from the Province of South Sulawesi to provide senior level provincial officials with an understanding of the importance of performance budgeting for local governments so that they will be supportive of local governments as they implement performance budgeting. This was not a requirement of the work plan. The workshop was attended by 85 participants including SEKDA, new heads of local legislative councils from 15 kota and kabupaten in the province of South Sulawesi Province, as well as Echelon 2 provincial staff. Materials for this workshop were adapted from BIGG's C2 workshop, which provides a broad overview to the 12 steps to preparing a performance budget. Staff from the University of Cendrawasih assisted BIGG staff with workshop facilitation.

Number of Person-Training Days of Workshop C2 for Province of South Sulawesi

Location	Dates	Trainers/facilitators			Participants	
		Training Team	FO Team (TL & LC)	University	LGUs	Person-Training Days
Makasar	Sept 24	4	-	4	84	84 (per # of LGUs)
Total person-training days						84

Performance Budget Reference Manual: This quarter, BIGG distributed the Performance Budget Reference Manual to all local governments in Indonesia as well as posted the manual on BIGG's website.

Publications and Other Activities: This quarter, the Training and Publications Team also completed the following tasks:

- Printed and distributed bilingual versions of The BIGG Picture edition 29 on *Data Collection and Analysis*.
- Updated BIGG's website with a program update, description of Y4 activities, and recent publications, including The Performance Budgeting Reference Manual.
- Prepared written bilingual documentation of all training events conducted in Quarter 15.

Joint Coordination Unit activities

BIGG and PERFORM gave presentations to the USAID Mission Director on August 19, 2004, to highlight program overviews and results to date. In addition, four USAID programs (BIGG, PERFORM, MBE and MSH) that are all working with the local government of Probolinggo held a joint coordination meeting on September 14, 2004. This meeting was held to coordinate how the programs will work together in that local government. It was agreed that BIGG would take the lead in developing presentation materials for a follow-up meeting to be held in Kabupaten Probolinggo with local government staff. The follow-up meeting will focus on the coordinated activities supported by the four USAID programs in Kabupaten Probolinggo. BIGG also took the lead in developing a clinic session that will bring together all four programs staff in one room (to be provided by Probolinggo's Department of Planning (Bappeda)). This clinic session will enable the program staff to interact with each other and to provide joint discussions with any Probolinggo staff members who want to obtain information or technical advice with respect to implementation of project activities.

All four USAID programs attended a joint follow up meeting at USAID's Jakarta office on September 24, 2004, to discuss the results of the Surabaya meeting and determine any further steps to be taken towards coordinating program activities. Each program presented additional information to demonstrate how the individual programs are attempting to develop coordinated activities between two or more of the four USAID programs. One suggestion that emerged from this meeting was to bring in an outside consultant to review the coordination of

activities that are taking place in Kabupaten Probolinggo, which will likely take place in November or December 2004.

Coordination in East Kalimantan

This quarter, BIGG coordinated with PERFORM in East Kalimantan in two ways: 1) PERFORM joined BIGG's Workshop C to present participants with an overview of PERFORM's PDPP program and illustrate the integration of the planning and budgeting functions; and 2) PERFORM worked with BIGG to review of department strategic plans, general policy directions, and strategy and policy documents that are used in budget preparation.

Coordination in Papua

This quarter, BIGG worked with NDI to train newly elected local legislative council members in three local governments in Papua (Kabupatens Kaimana, Fak-fak, and Manokwari). BIGG's one day C2 workshop, which is specifically geared to council members, was added into NDI's four-day training workshop in order to provide the new council members with a package covering their new responsibilities and an overview of performance-based budgeting.

III. Challenges/Issues of Concern Affecting Implementation and Actions Taken

The election process that ran from May through the end of September caused numerous scheduling changes in BIGG's technical assistance delivery schedule for both workshops and on-site consultancies in the field. As a result of the elections taking place in the middle of the annual budget cycle, many new legislative council members changed earlier budget-related agreements that had been reached between the executive and legislative branches. This greatly affected the local governments' timely submission of deliverables to BIGG, especially the budget instructions. Only five local governments have submitted their budget instructions and eleven more are still preparing them. The General Direction and Policy of Budget (AKU) documents have also still not yet been signed by almost all of the local legislative councils and this is one of the critical documents in the Budget Instructions.

IV. Projected Activities for the Next Quarter

Field Operations:

- Finalize receipt and review of the budget instruction deliverables
- Complete the delivery of Workshop C2 for Bukittinggi and Sukoharjo
- Conduct the second round of information sharing workshops, if needed
- Observe the budget hearings in Y4 local governments before the budget is approved
- Assist Y4 local governments prepare the performance budget for their focus area before it is submitted to BIGG
- Assist local governments in the PROFESI program to prepare and approve a decree to implement the PROFESI program throughout the local government
- Analyze the work load for each local government department and develop job descriptions for all positions within selected departments
- Finalize the formula for distributing the income subsidy

Training and Publications

- Complete the delivery of Budget Clinic II in 3 APEKSI regions (Balikpapan, Surabaya, and Medan)
- Design and deliver Budget Clinic III in the 6 APEKSI regions and for LGUs in the Birds' Head Region of Papua
- Prepare The BIGG Picture on *Introduction to Fund Accounting and International Fund Accounting* for publication
- Conduct evaluation of BIGG's program models in preparation for final report